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The Impact of Entrepreneurial Competencies on SMEs Performance: Empirical evidence from Malaysia

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Abstract

This research endeavors to empirically examine the effects of entrepreneurial competencies on the performance of Small and Medium Enterprises (SMEs) in Malaysia. Adopting a cross-sectional approach, the study collected quantitative data from 109 SMEs owner-managers, randomly chosen from the registration lists of three prominent agencies such as PUNB, MARA, and SMECorp in Peninsular Malaysia, encompassing the manufacturing, service, and construction sectors. The researchers utilized Partial Least Squares (PLS) analysis and bootstrapping methods to test the developed hypotheses. The results indicate that strategic, commitment, organizing, relationship, and conceptual competencies significantly influence SME performance, whereas opportunity competencies demonstrate no substantial impact. This study contributes to the field by identifying relevant entrepreneurial competencies and empirically assessing their influence on SMEs performance in a developing country context. The insights gained from this research are valuable for policymakers in developing and implementing effective entrepreneurship training programs.

Keywords: SMEs, Entrepreneurial competencies, SMEs performance

1. Introduction

In the rapidly changing global economy, Small and Medium Enterprises (SMEs) play a crucial role due to their adaptability and significant contributions to production (Obi et al., 2018; Algan, 2019). These enterprises, which can be established across diverse business sectors, are often considered the cornerstone of country's economies (Erdin & Ozkaya, 2020; Gamidullaeva, Vasin, & Wise, 2020). The flexible nature of SMEs enables them to have a substantial impact on economic growth, political stability, and social progress (Amoah et al., 2022; Naradda Gamage et al., 2020). Recognizing their vital role in promoting economic development, governmental bodies have dedicated significant resources and attention to fostering the growth and expansion of SMEs (Lamoureux, Movassaghi, & Kasiri, 2019; Park, Lee, & Kim, 2020; Peter et al., 2018). Within the Malaysian economic landscape, SMEs play a crucial role, accounting for 39.1% of the Gross Domestic Product (GDP), 12.2% of exports, and 48.5% of employment (Department of Statistics Malaysia, 2023). SMEs made a significant contribution of RM 613.1 billion to GDP, marking a 5.0% year-on-year increase. Despite challenging global conditions, MSME exports experienced a 4.5% growth, reaching RM152.2 billion. Their share of national exports rose from 10.6% in 2022 to 12.2% in 2023. Additionally, MSME sector also witnessed a 3.5% expansion in employment, engaging 7.86 million workers in 2023. As a result, the proportion of total employment in this sector increased from 48.2% in 2022 to 48.5% in 2023. However, the contribution of Malaysia's SMEs to GDP remains significantly lower than that of other developed Asian economies, such as Japan, South Korea, Singapore, China, and Taiwan, where SMEs typically account for over 55% of GDP (Ndiaye et al., 2018).

The previous study identifies a range of challenges faced by MSME, including technological barriers, limited financial resources, regulatory obstacles, inadequate managerial expertise, and low productivity (Eggers, 2020; Rahman, Ullah, & Thompson, 2018; Razak, Abdullah, & Ersoy, 2018). In the context of Malaysia, the failure rate among SMEs is reported to be 60 percent (Adam, Hassan, & Abdullah, 2021; Mohamad, Mustapa, & Razak, 2021). Despite various government assistance programs aimed at supporting SMEs, the failure rate continues to rise (Ambad, Andrew, & Awang Amit, 2020).

According to Bird (2019), entrepreneurial competencies are crucial predictors of SMEs performance, contributing significantly to the enhancement of both economic and social conditions in communities by creating employment opportunities. Entrepreneurial competencies comprise a set of interrelated skills, attitudes, and knowledge that an entrepreneur must acquire or possess to enable him to achieve exceptional performance and increase business profitability. Given their significance as key performance factors for SMEs, these competencies deserve significant attention in the context of fostering entrepreneurial development and sustainability (Mokbel Al Koliby, Abdullah, & Mohd Suki, 2024; Sakib et al., 2022). Therefore, it is essential to intensify research on the competencies of SME owners to ensure the successful performance of enterprises in Malaysia. However, the dearth of entrepreneurial competencies has been recognized as a significant factor contributing to business failure in Malaysia (Umar et al. 2018). Consequently, the development of entrepreneurial competency is crucial, as it offers pragmatic solutions to the challenges of business decline (Sánchez, 2013). Additionally, the majority of current research on entrepreneurial competencies and firm performance has been centered on developed economies (Aidara et al., 2021; Esubalew & Raghurama, 2020; Pratikto, Winarno, & Restuningdiah, 2023). Therefore, there is a significant gap in the empirical literature, particularly in emerging economies like Malaysia, regarding how entrepreneurial competencies can enhance the performance of SMEs.

Literature review and hypotheses

Entrepreneurial competency refers to "personal skills, abilities and knowledge which entrepreneurs use to achieve growth and success of their firms" (Bird, 2019; González-López, Pérez-López, & Rodríguez-Ariza, 2021). Entrepreneurial competencies play a pivotal role in enabling businesses to secure a lasting competitive advantage, ultimately leading to organizational success and growth (Pepple & Enuoh, 2020). Tittel & Terzidis (2020) emphasized the necessity of grasping the relevance of entrepreneurial competencies, especially within emerging economies, as these competencies are crucial for business survival, performance, and success. These competencies are characterized as inherent individual traits that facilitate effective action and exceptional job performance (Reis, Fleury, & Carvalho, 2021). Thus, entrepreneurial competencies can be conceptualized as a constellation of attributes inextricably linked to the successful cultivation and advancement of SMEs. Man, Lau, & Cha (2002) identified six key entrepreneurial competencies: strategic, commitment, organizing, relationship, conceptual, and opportunity. These components of entrepreneurial competencies significantly influence firm performance (Gwadabe & Amirah, 2017; Khan et al., 2021; Sakib et al., 2022). By enhancing entrepreneurs' ability to evaluate decisions from various perspectives, these competencies also enable them to identify valuable business opportunities within their operational environment.

Strategic competencies

Strategic competency related to "setting, evaluating, and implementing the strategies of the firm" (Man, 2001). Bird (2019) posits that strategic competencies encompass an entrepreneur's capacity to devise, implement, and evaluate organizational strategies. These competencies consist of the skills, attributes, and knowledge that enable entrepreneurs to guide their businesses and determine how to achieve their goals (Tittel & Terzidis, 2020). This includes the capacity to establish long-range business objectives. By clearly defining goals and having a thorough understanding of the competitive landscape, entrepreneurs can develop and execute appropriate strategies to reach their targets (Ataei et al., 2020). These strategies serve as a crucial link, connecting a firm's resources and capabilities to gain competitive advantages and navigate organizational uncertainties (Hashim, Raza, & Minai, 2018). Consequently, the ability to implement strategic changes allows entrepreneurs to adapt and refine business practices in response to evolving industry demands. Therefore, it has been predicted that:

H1: Strategic competencies have significant impact on SME performance.

Conceptual competencies

Conceptual competency related to "different conceptual abilities which are reflected in the behaviors of entrepreneurs, e.g., decision skills, absorbing and understanding complex information, risk-taking and innovativeness" (Man, 2001). Cruz- Ros, Garzon, & Mas- Tur (2017) indicates that conceptual competency is intrinsically linked to innovative thinking, often manifested in the ability to foster novel cognitive processes and generate unique ideas that may require deviation from conventional methodologies. This cognitive skill empowers entrepreneurs to creatively adopt challenges, embrace alternative viewpoints, and create value through innovative means while emphasizing the identification and execution of new concepts (Gianesini et al., 2018). In dynamic business environments, it is crucial for entrepreneurs to possess strong conceptual competencies in order to remain proactive, creative, and innovative in their endeavors. These competencies involve critically evaluating information, distinguishing between factual data and subjective opinions, and maintaining a holistic view of the situation (Bolzani & Luppi, 2021). For entrepreneurs, especially those in the SMEs sector, the frequent need for swift decision-making highlights the importance of advanced conceptual abilities, which are essential for the ongoing success and viability of their business (Devetag et al.,2020). As a result, the following hypothesis has been formed.

H2: Conceptual competencies have significant impact on SMEs performance.

Opportunity competencies
Opportunity competency encompasses behaviours related to recognising market opportunities through various means (Man, 2001). This competency is intrinsically linked to entrepreneurs' capacity to identify, nurture, and evaluate high-quality market opportunities (Lim, Lee, & Mamun, 2023). When entrepreneurs recognize promising prospects, they are driven to establish ventures and take significant risks to capitalize on these opportunities. Raza Bilal, Naveed, & Anwar (2017) highlighted that a key factor in a firm’s success is the optimistic perception of various market prospects. This finding suggests that entrepreneurs seeking rapid business growth must prioritize their adaptability. Without this flexibility, businesses may experience slower growth than expected. Entrepreneurs must continuously look for products and services that can enhance value for consumers or end users, as the decision to pursue these opportunities is fundamentally linked to their understanding of customer needs (Ng, & Kee, 2018). Therefore, it has been predicted that:
H3: Opportunity competencies have significant impact on SMEs performance.

Organizing competencies
Organising and leading competency related to “the organization of different internal and external human, physical, financial, and technological resources, including, team building, leading employees, training and controlling” (Man, 2001). Organizational competencies are intricately linked to the managerial aspects of a business entity (Gonzalez-Varona et al., 2024). This connection is crucial, as entrepreneurs often find themselves performing a wide range of tasks across various functional areas within their enterprises. These competencies involve overseeing and ensuring the effective execution of organizational activities (Pepple & Enuoh, 2020). As proprietors, entrepreneurs must navigate diverse responsibilities and operational domains, which necessitates the ability to effectively plan and coordinate organizational resources (Tittel & Terzidis, 2020). Moreover, human resource management in SMEs is considered a distinct function, requiring entrepreneurs to develop organizational skills, particularly in areas such as leadership, delegation, mentoring, and employee training (Aidara et al., 2021). Unlike large corporations with dedicated human resources departments, SME owners typically engage directly with their workforce, often without a specialized unit for personnel administration. Consequently, developing robust organizational and leadership capabilities is crucial for entrepreneurs to mitigate the high failure rates often seen among SMEs (Baylie & Singh, 2019). Therefore, it has been hypothesized that:
H4: Organizing competencies have significant impact on SMEs performance.

Relationship competencies
Relationship competency related to “person-to-person or individual-to-group based interactions, e.g., building a context of cooperation and trust, using contacts and connections, persuasive ability, communication and interpersonal skill” (Man, 2001). Jenssen and Greve (2002) argue that relationship competencies allow business owners to create networks that provide access to essential information for resource procurement and business growth. These competencies also help foster connections with industry peers, enabling the exchange of insights and innovative problem-solving approaches. For entrepreneurs, maintaining a wide network of contacts is crucial, as it offers access to valuable information and resources (Ahmad, 2020). To build successful business relationships with clients and suppliers, entrepreneurs engage in relationship-building activities. This process, known as entrepreneurial bonding, involves creating and adapting relationships with key stakeholders, including customers and suppliers, as the business develops (Bird, 1995). Therefore, it can be stipulated that:
H5: Relationship competencies have significant impact on SMEs performance.

Commitment competencies
Commitment competency related to “drive entrepreneurs to move ahead with the business” (Man, 2001). Commitment competency is closely related to the capacity of business founders to effectively govern their enterprises while maintaining an intense focus on achieving organizational goals and objectives [40,80]. This competency encompasses crucial traits such as motivation, determination, responsibility, accountability, and tenacity. It empowers entrepreneurs to overcome setbacks and continue to progress, even when they face failures or mistakes. Additionally, it encourages them to take proactive steps to fulfill their responsibilities and obligations (Tehseen and Ramayah, 2015). In essence, commitment competencies act as catalysts that drive entrepreneurs to persistently advance their business endeavors, regardless of the obstacles they may encounter. As a result, the following hypothesis has been developed:
H6: Commitment competencies have significant impact on SMEs performance.

Based on the hypothesis’s discussion above, the research model for this study was derived, as illustrated in the subsequent figure (Figure 1).

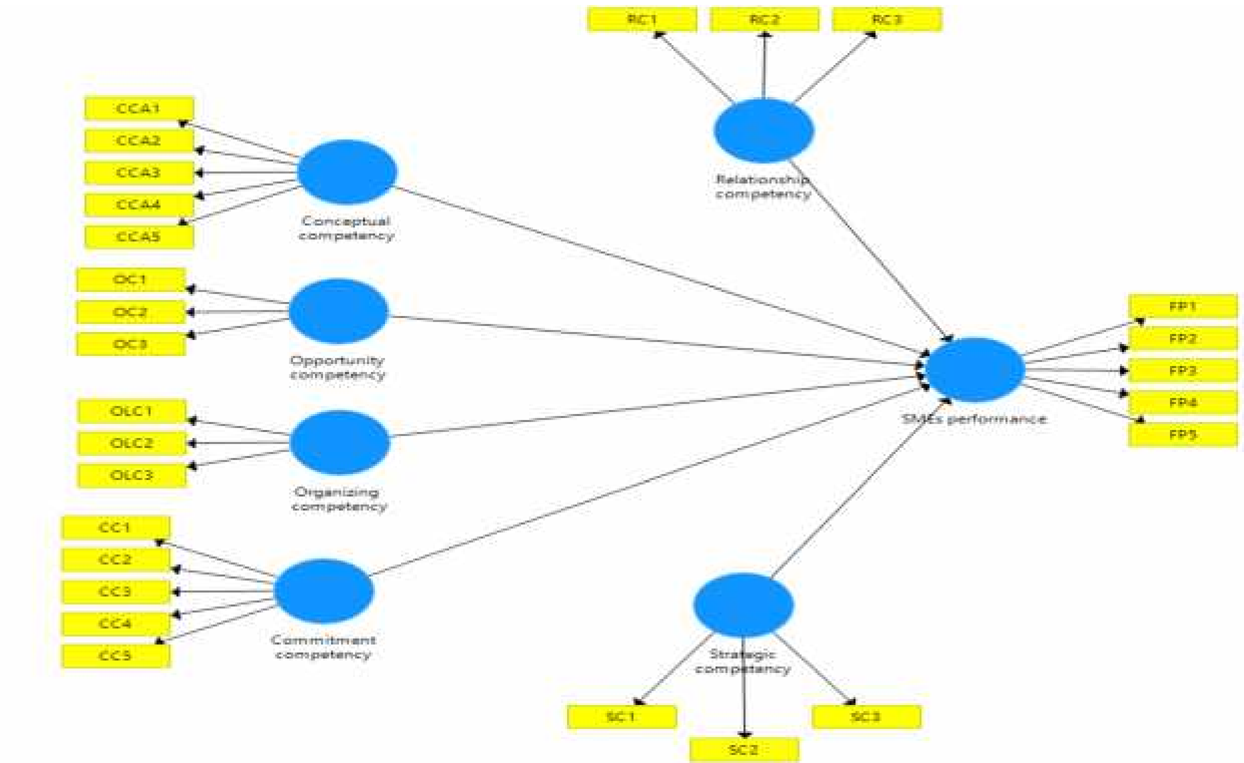

Figure 1: Research model

2. Methodology

This research employed a quantitative approach. The sampling framework comprised a register of active operational firms, including Perbadanan Usahawan Nasional Berhad (PUNB), Majlis Amanah Rakyat (MARA), and SMECorp. A total of 750 online questionnaires were distributed via e-mail to SMEs (Owner-manager) across Peninsular Malaysia, encompassing three primary industries, focusing on three primary industries: service, construction, and manufacturing. A convenience sampling method was used for participant selection. The questionnaire was developed using items from prior research to assess entrepreneurial competencies (Man et al., 2002) and SME performance (Danso, Adomako, Damoah, & Uddin, 2016). A five-point Likert scale was employed to measure both entrepreneurial competencies and SME performance, with response options ranging from 1 (strongly disagree) to 5 (strongly agree). Out of the 750 distributed questionnaires, 165 responses were received; however, 56 were excluded due to significant incompletion. This left 109 usable questionnaires for data analysis, resulting in a response rate of 33.93%. According to Hair et al. (1998), quantitative research requires data from at least 100 respondents to yield reliable results when using statistical analysis tools.

3. Results

Measurement Model Analysis

The data were analyzed using SmartPLS3 via structural equation modelling (SEM). To assess the research measurement model, two fundamental aspects of validity were scrutinized: convergent and discriminant. The measurement model is presented in Figure 2.

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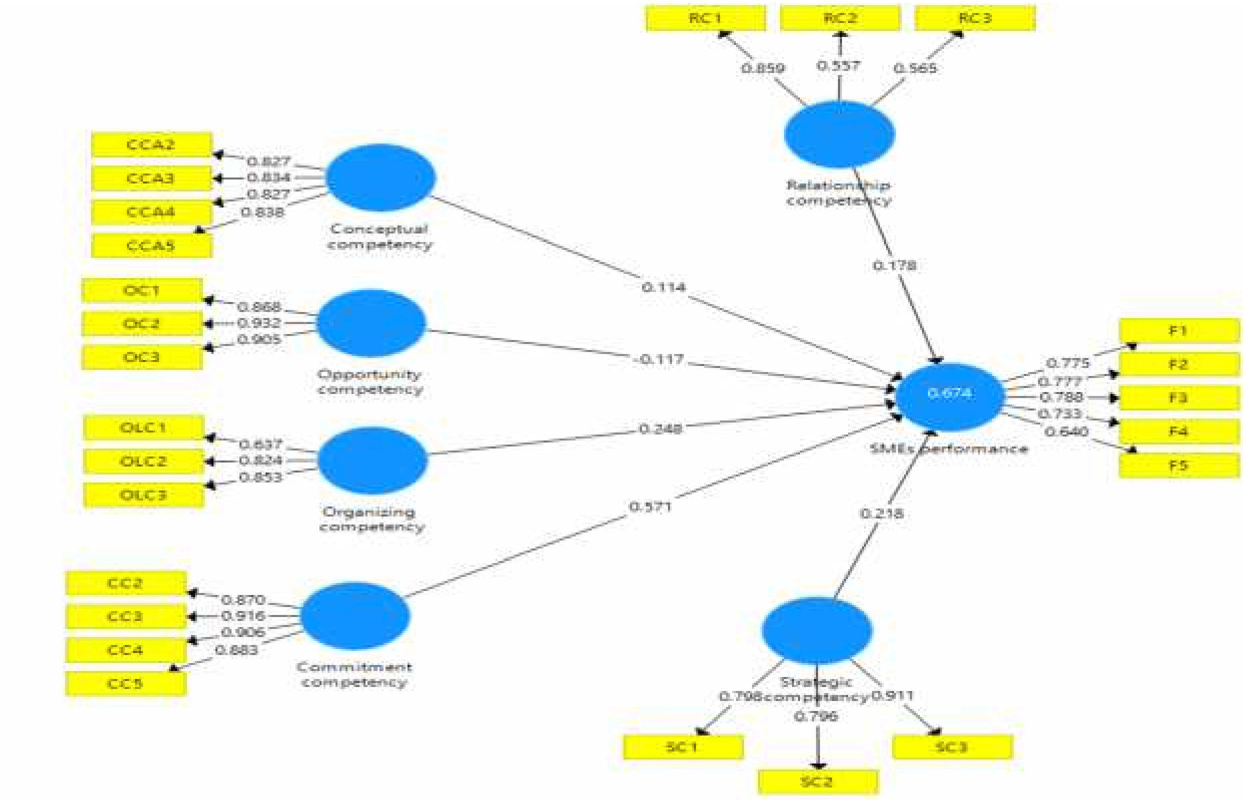

Figure 2: Measurement model analysis

Convergent validity

Hair et al. (2017) suggested that convergent validity should be evaluated by analyzing outer model loadings, Cronbach's alpha, average variance extracted (AVE), and composite reliability (CR). The existing literature indicates that loadings should exceed 0.5, the AVE should be greater than 0.5, CR values of 0.60 are considered acceptable, and a Cronbach's alpha value of 0.6 or higher is regarded as satisfactory (Harmoinen et al., 2020; Mohd Dzin, & Lay, 2021).To enhance the measurement model for CR and AVE, two items (CCA1 and CC1) were removed due to insufficient factor loadings (see Table 1). The analysis showed that the factor loading indicators ranged from 0.557 to 0.932, surpassing the recommended threshold of 0.50. Additionally, the observed CR values exceeded 0.7, indicating that the measurement instrument is reliable. All Cronbach's alpha values were above 0.656. To evaluate the discriminant validity of the six constructs, AVE calculations were conducted, resulting in values between 0.555 and 0.814 (refer to Table 2).

Table 1: Items and standardized loading

Items no.	Description	Factor loading
SC1	Determine the challenges, difficulties, and opportunities that will affect the organization in the long run	0.798
SC2	Understand the predicted trends of the industry and how changes may affect own organization	0.796
SC3	Reorganize the department and organization to better accommodate long-term changes and goals	0.911
CCA1	Understand the broader business implications of ideas, issues and observations	Dropped
CCA2	Translate ideas, issues, and observations into the business context	0.827
CA3	Well planned in making decisions	0.834
CCA4	Take reasonable job-related risks	0.827
CCA5	Remain proactive and responsive to changes	0.838
OC1	Be able to identify the goods and services that clients desire	0.868
OC2	Perceive unmet demands of customers	0.932
OC3	Enthusiastically look for products and services that deliver genuine benefits to the clients	0.905

OLC1	Organize resources and tasks	0.637
OLC2	Motivate and lead subordinates	0.824
OLC3	Delegate the tasks effectively	0.853
RC1	Cultivate a trusting relationship with others in the long run	0.859
RC2	Develop and maintain a personal network of professional contacts	0.557
RC3	Negotiate with others	0.565
CC1	Make a commitment to making the venture a success whenever possible	Dropped
CC2	Refrain from allowing the venture to fail when it is necessary	0.870
CC3	Retain an extraordinary robust internal drive	0.916
CC4	Make a commitment to long-term business objectives	0.906
CC5	Individual sacrifice to make the enterprise a success	0.883
F1	Profitability	0.775
F2	Return on investment	0.777
F3	Market share growth	0.788
F4	Return on equity	0.733
F5	Cash flow	0.640

Table 2: Convergent validity

Variables	**Cronbach's Alpha**	**Composite Reliability**	**Average Variance Extracted (AVE)**
Commitment competency	0.916	0.941	0.799
Conceptual competency	0.855	0.900	0.691
Opportunity competency	0.885	0.929	0.814
Organizing competency	0.662	0.818	0.604
Relationship competency	0.656	0.706	0.556
Strategic competency	0.788	0.874	0.700
SMEs performance	0.805	0.861	0.555

Discriminant validity

Hair et al. (2017) proposed evaluating discriminant validity using two criteria: Fornell-Larcker criterion and Heterotrait-Monotrait (HTMT) ratio. According to the Fornell-Larcker approach, discriminant validity is established when the square root of the Average Variance Extracted (AVE) for each construct exceeds its correlations with other constructs. Table 3 shows that the correlation of the latent variable represented by the square root of the AVE surpasses the correlations with other latent variables, thereby supporting the constructs discriminant validity.

Table 3: Correlation of latent variables and square roots of AVE

Constructs	Commitment competency	Conceptual competency	Opportunity competency	Organizing competency	Relationship competency	SMEs performance	Strategic competency
Commitment competency	**0.894**						
Conceptual competency	0.253	**0.831**					
Opportunity competency	0.355	0.299	**0.897**				
Organizing competency	0.390	0.111	0.638	**0.777**			
Relationship competency	0.240	0.033	0.435	0.565	**0.675**		
SMEs performance	0.712	0.279	0.418	0.548	0.449	**0.745**	
Strategic competency	0.068	0.099	0.288	0.183	0.190	0.313	**0.837**

Hair et al. (2017) emphasized the importance of using the heterotrait-monotrait ratio (HTMT) of correlations to assess discriminant validity. This method provides an estimation of the true correlation between two constructs. Henseler et al. (2015) suggest that the critical threshold for the HTMT is set at 0.90; values exceeding this threshold indicate inadequate discriminant validity. Table 4 illustrates that the HTMT values meet the required standards for construct validity.

Table 4: Heterotrait–Monotrait (HTMT)

	Commitment competency	Conceptual competency	Opportunity competency	Organizing _competency	Relationship competency	SMEs performance	Strategic competency
Commitment competency							
Conceptual competency	0.275						
Opportunity competency	0.395	0.317					
Organizing _competency	0.482	0.290	0.844				
Relationship competency	0.274	0.379	0.479	0.717			
SMEs performance	0.747	0.308	0.492	0.762	0.636		
Strategic competency	0.095	0.152	0.350	0.299	0.269	0.397	

Structural models

In evaluating structural models, Hair et al. (2017) recommended examining R^2, beta (b) values, t-values, and associated p-values using a bootstrapping procedure with 5,000 resamples. As shown in Table 5, the following entrepreneurial competencies positively influenced SME performance: strategic competency ($b = 0.218$, $t = 3.790$, $p < 0.000$), conceptual competency ($b = 0.114$, $t = 2.094$, $p < 0.037$), organizing competency ($b = 0.248$, $t = 3.166$, $p < 0.002$), commitment competency ($b = 0.571$, $t = 10.401$, $p < 0.000$), and relationship competency ($b = 0.178$, $t = 2.646$, $p < 0.008$). Therefore, this supports H1, H2, H4, H5 and H6. However, opportunity competency ($b = -0.117$, $t = 1.837$, $p < 0.067$) did not have a statistically significant impact on performance, which failed to support hypothesis H3. Overall, as indicated by an R^2 value of 0.674, the entrepreneurial competency constructs collectively explained 67.4% of the variance in SMEs performance.

Table 5: Results of hypothesis test

Hypotheses	Beta	T-Values	P-Values	Decision	R2
Commitment competency -> SMEs performance	0.571	10.401	0.000	Supported	
Conceptual competency -> SMEs performance	0.114	2.094	0.037	Supported	
Opportunity competency -> SMEs performance	-0.117	1.837	0.067	Not supported	67.4
Organizing competency -> SMEs performance	0.248	3.166	0.002	Supported	
Relationship competency -> SMEs performance	0.178	2.646	0.008	Supported	
Strategic competency -> SMEs performance	0.218	3.790	0.000	Supported	

4. Discussion

This study highlights the significant impact of entrepreneurial competencies on the business performance of small and medium-sized enterprises (SMEs). The findings align with existing literature, underscoring the crucial role that entrepreneurial competencies play in the success of SMEs. Due to the unique characteristics of SMEs, there is a strong reliance on the leadership and decision-making skills of their founders. As a result, the skills and competencies of entrepreneurs have a substantial influence on the overall performance of SMEs. The results indicate that strategic competency exhibits a correlation with SMEs firm performance. This finding is consistent with research conducted by Aga (2024) and Al Mamun et al. (2022), as well as studies by Gunawan (2024), Muangmee et al. (2021), and Umar et al. (2018), which all reported significant correlations between strategic competence and SME performance. Strategic competency involves the ability of entrepreneurs to develop a comprehensive vision for their business, set clear objectives, and create and implement strategies to achieve these goals. By improving their strategic competency, entrepreneurs can assess long-term customer interests, which can enhance product sales without sacrificing the product's quality and creative elements. Thus, entrepreneurs can leverage additional competencies to effectively execute their strategies (Cong & Thu, 2021; Mustapha et al., 2020).

The results demonstrate that organizing competency has a significant positive relationship with the performance of SMEs. This finding is consistent with the research conducted by Hien, Quan, & Hao (2019), Gunawan (2024), Sakib et al. (2022), and Sumawidjaja, Ahman, & Machmud (2019), all of which indicate that organizing competency positively impacts SME performance. For SME proprietors, cultivating strong organizational competencies in management is essential for achieving sustainable growth and long-term success. These competencies enable effective management of daily operations while strategically positioning the business for future expansion and improved scalability. The results suggest that relationship competency is correlated with SMEs performance. This finding is consistent with research by Hien, Quan, & Hao, (2019), Gunawan (2024), and Sakib et al., (2022) who reported significant correlations between relationship competency and firm performance of SMEs. For SMEs to thrive in competitive markets, relationship competencies play a pivotal role. By prioritizing areas such as customer engagement, employee satisfaction, supplier partnerships, networking, and conflict resolution, SMEs can foster strong, lasting relationships that contribute to their success. Allocating resources to develop these competencies allows SMEs to establish trust, secure valuable business prospects, and sustain a competitive advantage within their respective industries.

The results demonstrate a statistically significant positive association between commitment competency and SMEs performance. This finding aligns with the research conducted by Seraj, Alshebami, and Fazal (2022), Starbird et al. (2022), and Vuhuong and Edwards (2022), who reported a substantial positive influence of commitment competency on SMEs performance. The dedication of the proprietor to their business is a crucial factor in determining organizational performance. Entrepreneurs can successfully navigate challenging business environments by developing essential competencies, especially by fostering a strong commitment to their entrepreneurial endeavors. The study revealed a correlation between conceptual competency and SMEs performance. This finding aligns with research conducted by Danibrahim, Kohar, & Indiran (2022), Gunawan (2024) and Sumawidjaja, Ahman & Machmud (2019), who reported significant correlations between conceptual competency and the performance of SMEs. Entrepreneurs who possess a diverse range of conceptual skills such as the ability to anticipate market trends, assess competitive environments, and formulate effective strategies are more likely to drive their enterprises toward sustainable growth. This underscores the vital importance for SME owners to not only refine their technical expertise but also cultivate a deep understanding of the broader economic landscape. By enhancing their decision-making skills and strategic thinking, they are better positioned to address challenges and capitalize on emerging opportunities in the marketplace.

The results indicate that opportunity competency has an insignificant relationship with the performance of SMEs, which is consistent with the study by Danibrahim, Kohar, & Indiran, (2022), Sakib et al., (2022) and Umar et al., (2018) that proved there is no link between opportunity competency and SMEs performance. Successful entrepreneurs must foster self-motivation and the ability to identify their strengths and weaknesses. Without integrating these competencies, the effectiveness of opportunity recognition may be reduced. This suggests that a holistic approach is essential for enhancing performance. Ultimately, the ability of business owners to capitalize on opportunities may become irrelevant if they do not develop various managerial skills, particularly in challenging economic conditions.

5. Conclusions

This study investigates the entrepreneurial competencies utilized by small and medium-sized enterprises (SMEs), which are vital for improving their performance. The findings of this study make a significant addition to the existing literature on entrepreneurship and SME research by highlighting the influence of entrepreneurial competencies on SMEs performance in Malaysia. This study offers valuable insights for stakeholders, helping them better understand the relationship between entrepreneurial competencies and SMEs performance. Current research on the competencies essential for SME owners indicates that success depends on various factors. A well-rounded set of competencies, including strategic, commitment, organizational, relationship, and conceptual skills, collectively boosts SMEs' performance. Therefore, it is important for SME owners to engage in ongoing personal and professional development, nurturing competencies intrinsically linked to their business sustainable success and longevity.

The limitations of this study were primarily due to time and resource constraints, which resulted in a sample size of only 109 respondents from Peninsular Malaysia. While the findings have enhanced our understanding of the impact of entrepreneurial competencies on SME performance, further research is needed to compare these results with similar predictors across Malaysia. Such comparative studies would provide a more comprehensive perspective on this subject. This study employs a single variable influencing company performance, specifically entrepreneurship competency. However, additional variables exist that potentially contribute to the enhancement of firm performance. Future investigations should consider incorporating multiple independent variables, examined either individually or simultaneously such as leadership, knowledge management and capacity innovation.

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